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IN THE

Supreme Court of the United States

OCTOBER TERM, 1960

No. 647

W. REUEN FISHER,
Petitioner,
vs.
NORTH BRANCH PRODUCTS, INC.,
A Michigan Corporation, of Millington, Michigan,
Respondent

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

To the Honorable Chief Justice and Associate Justices of the Supreme Court of The United States:

Petitioner prays that a Writ of Certiorari issue to review a judgment of the United States Court of Appeals for the District of Columbia Circuit, dated and entered in the above cause on November 15, 1960, and on which a petition for rehearing was denied on December 7, 1960.

The Appellate Court by an order dated December 20, 1960 granted petitioner's motion filed on December 9, 1960 to stay the mandate and transmission of the opinion and the certified copy of the judgment for a period of thirty days pending application for certiorari pursuant to Rule 31(k)(2) of the Appellate Court Rules.

A.

REFERENCE TO OPINIONS IN COURTS BELOW

The Appellate Court's opinion is not yet reported. It is printed on pages 11a through 18a in the appendix to this petition.

The District Court's opinion was delivered on January 6, 1960 and is reported at 179 F. Supp. 843. It is printed on pages 5a through 10a in the appendix to this petition.

B.

CONCISE STATEMENT OF GROUNDS INVOKING JURISDICTION OF THIS COURT

1. Date of Judgment to be reviewed is November 15, 1960 and time of its entry is November 15, 1960.

2. Date of order denying petition for rehearing is December 7, 1960.

Date of order to stay the mandate and transmission of opinion and the certified copy of the judgment for period of 30 days pending application for writ of certiorari is December 20, 1960.

3. The statutory provision believed to confer on this court jurisdiction to review by certiorari is Sec. 1254(1), Title 28, U. S. Code.

C.

QUESTIONS PRESENTED FOR REVIEW

1. Whether the Court of Appeals for the District of Columbia erred in affirming and not reversing the District Court which held that it had local equity jurisdiction over the subject matter of this action under Section 306, Title 11, D. C. Code 1951, and jurisdiction over the petitioner in view of Petitioner's answer and counterclaim, after the District Court had held that it did not have jurisdiction over the subject matter of this action under 28 U. S. Code, Section 1338, or jurisdiction over the petitioner under 35 U. S. Code, Section 293, which were the statutes cited in the Bill of Complaint by the respondent under which it was alleged that the Court had jurisdiction over the action, which action was for a declaratory judgment to adjudicate title to patents and patent applications.

2. Whether the Court of Appeals for the District of Columbia erred in reversing the District Court, which *sua sponte* dismissed the respondent's complaint under the doctrine of *forum non conveniens*, when it held that there was no *clear choice* of another forum between Canada and Michigan where petitioner is amenable to process and refused to apply the applicable Michigan Statute for service on a non-resident citizen, Section 613.46 of the Compiled Laws of 1948.

3. Whether the Court of Appeals for the District of Columbia erred in holding that there is *no certainty* that a Canadian Court would be compelled to assume jurisdiction of an action filed there by a non-Canadian citizen, and upon which the Court based its decision, when the pertinent Canadian Statute says that under such circum-

stances the Canadian Court *shall* give relief to the plaintiff under the Revised Statutes of Alberta, 1955, Volume 2, the Judicature Act, Chapter 164, Page 2465, Section 32.

4. In this case there is an important question as to the interpretation of 28 U. S. C., Section 293, which is a new statute in the Patent Act of 1952 and which has not been previously interpreted by this Court or any other Appellate Court.

D.

STATUTES INVOLVED

Title 28, U. S. Code, Section 1338.
Title 28, U. S. Code, Section 1400(b).
Title 28, U. S. Code, Section 2201.
Title 35, U. S. Code, Section 293.
Compiled Laws Michigan 1948, Section 613.46.
Revised Statutes of Alberta, 1955, Volume 2. The Judicature Act, Chapter 164, Page 2465, Section 32.
Federal Rules of Civil Procedure, Rule 13(a).
D. C. Code, 1951, Title 11, 306.
D. C. Code, 1951, Title 11, 308.

Due to their length, these are set forth in Appendix, pp. 1a through 4a.

E.

CONCISE STATEMENT OF THE CASE

This action is a common law equity action brought by the respondent-plaintiff to declare it the owner of a number of United States patents and patent applications to which title is now held by the inventor, the petitioner-defendant.

The respondent is a Michigan corporation having its offices and manufacturing plant at Millington, Michigan. The petitioner is a citizen of Michigan and has been a resident of Alberta, Canada since January 1946, where he resides on a cattle farm which he owns and which is located near the Village of Entrance.

The patents and patent applications relate to bushings, guide bushings, drill guide bushings, bearing liners, and like items, all involving a coiled bushing structure.

In the early part of 1949 petitioner invented a coiled bushing. Petitioner had an extensive background in the bushing field before this time. On April 1, 1949, petitioner with other parties bought out the respondent's predecessor of the same name, which produced sheet metal stampings, to produce said coiled bushing. Petitioner entered this relationship with the respondent company under a patent license agreement. Between April 1, 1949 and February 17, 1957, on which later date he was discharged from the respondent company, petitioner served at various times as a director, secretary-treasurer, general manager in charge of manufacturing, sales, research, development and engineering, and he was then and still is a stockholder of respondent company.

After petitioner was discharged on February 17, 1957 he returned to his cattle farm in Canada and has since resided there. After his discharge on February 17, 1957, respondent company paid petitioner royalties for three months in accordance with the terms of said patent license before stopping payments under the patent license. After correspondence between the parties did not result in the resumption of the royalty payments under the patent license, petitioner gave respondent a notice of termina-

tion of the license and a proposal to start suit for unpaid royalties and infringement. On April 21, 1958 respondent company started the present action by filing the bill of complaint in which it claims to be the sole owner of the petitioner's patents and patent applications.

The bill of complaint alleged that the Court had jurisdiction of the subject matter under 28 U. S. Code Section 1338 and jurisdiction of the person of petitioner under 35 U. S. Code, Section 293 for the purpose of adjudicating title to the patents and patent applications involved pursuant to 28 U. S. Code, Section 2201. The bill of complaint did not invoke the Court's local equity jurisdiction under the D. C. Code, 1951, Title 11, Section 306.

Respondent filed an affidavit as to petitioner's non-residence in the District of Columbia and his absence therefrom at least six months, and service was made upon him by publication under the provisions of 13 D. C. Code, Section 108, read with 35 U. S. Code, Section 293.

Petitioner filed an answer and counterclaim for royalties and infringement. Upon permission granted by the District Court at the Pre-Trial of this case petitioner filed a Motion in November 1959 to dismiss this case on the grounds that the District Court did not have jurisdiction over the subject matter of the action set forth in the complaint since it was not a case arising under the patent laws of the United States which was the jurisdiction invoked by the complaint but that it was a common law equity action for title to patents and patent applications. The District Court held that this case was not within the group of cases arising under the patent laws 35 U. S. Code, Section 293 and 28 U. S. Code, Section 1338(a), and hence service by publication on petitioner under 35 U. S. Code,

293 was ineffective. The District Court further held that the filing of petitioner's counterclaim, which the Court held to be permissive and not compulsory, gave the District Court local jurisdiction over the subject matter of the action and the person of the petitioner under the provisions of the D. C. Code, 1951, Title 11, Section 306. The District Court, however, *sua sponte* dismissed the complaint, under the doctrine of *forum non conveniens*. Respondent appealed the case and the Court of Appeals for the District of Columbia Circuit reversed the District Court on the matter of *forum non conveniens* and remanded the case on November 15, 1960. Petitioner's petition for rehearing was denied on December 7, 1960.

F.

BASIS FOR FEDERAL JURISDICTION IN THE COURT OF FIRST INSTANCE

The bill of complaint alleged that the District Court had jurisdiction of the subject matter under 28 U. S. Code, Section 1338 and jurisdiction of the person of petitioner under 35 U. S. Code, Section 293, and the right to declare respondent's right to the patents and patent applications involved under 28 U. S. Code, Section 2201. The District Court held that it did not have jurisdiction under the aforecited patent laws but that it had jurisdiction under its local general equity jurisdiction, in accordance with the provisions of Section 306, Title 11, D. C. Code 1951, because of the interposing by petitioner of a counterclaim for royalties and infringement.

G.

ARGUMENT AMPLIFYING REASONS FOR WRIT

1. The Court of Appeals erred in holding that the bill of complaint in this case sets forth allegations which brings this case within the local equity jurisdiction of the District Court under Section 11-306 of the D. C. Code, and, that the District Court had obtained personal jurisdiction over the Petitioner by his filing a counterclaim for infringement and royalties (17a). The respondent alleged in the complaint that the District Court had jurisdiction of this Common Law equity action for title to patents and patent applications under the Patent Laws and the complaint did not allege any local equity jurisdiction under Section 11-306 of the D. C. Code. Section 293, 35 U. S. C., was an addition to the Patent Laws made by the 1952 Patent Act.

There are no previous reported cases under this Section 293 wherein one of the parties has sought title to patents under the jurisdiction of this section. Accordingly, when the instant case was started, the Petitioner-Defendant was of the opinion that Section 293 gave the District Court *prima facie* jurisdiction over the subject matter of this case and he filed an answer and what he concluded to be a compulsory counterclaim under Fed. Rule Civil Procedure 13(a). However, after some time had passed, the Petitioner-Defendant revised his opinion and concluded that the Court did not have jurisdiction under Section 293. Therefore, at the Pre-Trial of the case Petitioner made an oral motion to the Court that the District Court did not have jurisdiction of the subject matter under the Patent Laws, and in particular under Section 293. The District

Court honored a prompt motion on this matter and held after the hearing thereon that service by publication under Section 293 was ineffective and that this case could not be brought within the categories of Federal jurisdiction based on diversity of citizenship, or that founded on the patent laws. The District Court then erred, and the Appeals Court for the District of Columbia affirmed such error, when it held that it had jurisdiction over the subject matter under the District Court's general jurisdiction granted by Section 306, Title 11, D. C. Code, and that it had personal jurisdiction over the Petitioner-Defendant by the filing of the counterclaim for infringement and royalties.

The District Court failed to take into consideration Section 308, Title 11, of the District Code which limits the jurisdictional basis of Section 11-306. Section 308 states that:

> "No action or suit *shall* be *brought* in the District Court of the United States of the District of Columbia by *original process* against any person who shall not be an inhabitant of, or *found within, the District.*" (Emphasis added.)

The Petitioner was neither an *inhabitant* of or *found within*, the District of Columbia when this cause was *brought* by *original process*. The Petitioner's counterclaim came after the suit was brought. Consequently, Plaintiff-respondent did not have the right as a matter of law to bring this suit in the District of Columbia and the District Court did not have jurisdiction over the action, independently of the wishes of the petitioner. Under these circumstances, it is submitted that it was not possible for the Petitioner to waive his personal jurisdiction. It is submitted that the recasting of the complaint by the,

District Court, to insert the jurisdictional basis of section 11-306, does not supply the initial jurisdiction over the subject matter which must be present when the case is commenced in order to support a subsequent waiver of personal jurisdiction by way of a counterclaim. The present case was clearly not properly brought in the District Court under either the Patent Laws or the local general jurisdiction and it is submitted that the District Court did not acquire jurisdiction over either the subject matter or the petitioner regardless of the counterclaim. As stated by the Court in the case of *Blaski v. Hoffman*, reported at 200 F. 2d 317, 321, affirmed at 80 S. Ct. 1084, 4 L. ed. 2d 1254,

> "No court, so far as we are aware, in an action for patent infringement or any other, acquires jurisdiction either of the subject matter or of the parties until the action is properly brought in such court."

It is submitted that recasting of the complaint by the District Court, affirmed by the Appeals Court, creates a retroactive waiver of personal jurisdiction on the part of petitioner. Such doctrine has been disapproved by the Supreme Court in affirming the *Blaski v. Hoffman* case since this doctrine was discussed in that case relative to Section 1404(a), 28 U. S. C. at page 323, 260 Fed. 2nd 317.

The complaint did not invoke the District Court's jurisdiction under Section 11-306, D. C. Code and petitioner had no notice or chance to be heard by motion relative thereto, before filing his answer and counterclaim. Accordingly, it is submitted that the Appeals Court erred in permitting the District Court to read into the complaint Section 11-306 at this late date. Such action raises a question of whether or not petitioner's constitutional right of procedural due process was violated. The funda-

mental requisite of due process of law is the opportunity to be heard. See *Grannis v. Ordean*, 234 U. S. 383, 58 L. ed. 1363.

Furthermore, jurisdiction cannot rest on any ground that is not affirmatively and distinctly set forth in the complaint. The question of the Court's jurisdiction is to be determined in view of the jurisdiction invoked by the complaint regardless of questions that may have been brought into the suit by the answer or in the course of the subsequent proceedings. See *Shulthis v. McDougal*, 225 U. S. 559, 56 L. ed. 1205. The cases cited by the Appeals Court on counterclaims and personal jurisdiction were not in point because the actions in those cases were all properly brought in the first instance under proper initial jurisdiction.

A further reason why this Court should grant this writ is that it is economical and sound administration of justice to determine jurisdiction of courts. See *American Fire and Cas. Co., v. Finn*, Texas 1951, 71 S. Ct. 534, 341 U. S. 6, 95 L. ed. 702.

2. The Appeals Court for the District of Columbia erred in reversing the District Court on the matter of *forum non conveniens* in that it held that there was no clear choice between Canada and Michigan for another forum where Petitioner would be amenable to process. In the case of *Gulf Oil v. Gilbert*, 330 U. S. 501, 508, this Court held that the doctrine of *forum non conveniens* requires at least another forum. This Court did not hold that there had to be a *clear choice* between other forums. It is submitted that on the facts presented to the Appeals Court for the District of Columbia that as a matter of law there is clearly at least two other forums wherein the Petitioner is amenable to process.

The Court of Appeals erred in failing to apply the applicable Michigan Statute, C. L. 1948, Sec. 613.46, which provides for service on a non-resident citizen of Michigan in a situation such as the present, and in view of the rule of *Milliken v. Meyer*, 311 U. S. 457, 85 L. ed. 278. There is a clear choice of another forum in Michigan. The Michigan case of *Stewart v. Eaton*, 287 Mich. 446, cited by the Appeals Court did not involve service on an absent *Michigan* citizen. This last mentioned case involved service on a person not living in Michigan who was also a citizen of another state.

It is also certain that there is another forum in which petitioner is amenable to service in Canada since the Canadian Court SHALL give relief to the respondent under the Revised Statutes of Alberta (3a). The meaning of the Canadian Statute is clear, in that it is mandatory on the Canadian Court to give the relief sought. Also it is pointed out that the Canadian law does not discriminate against foreign plaintiffs because said Canadian Statute merely uses the word "a plaintiff" without any further limitation. It is submitted that there is a "clear choice" of another forum in Canada.

CONCLUSION

Wherefore, it is respectfully submitted that this petition be granted and writ of certiorari be issued accordingly.

Respectfully submitted,

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January 9, 1960.

APPENDIX

STATUTES INVOLVED

U.S.C. Title 28, Section 1338. Patents, copyrights, trademarks, and unfair competition.

"(a) The district courts shall have original jurisdiction of any civil action arising under an Act of Congress relating to patents, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.

"(b) The district court shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trademark laws."

28 U.S.C. 1400. District Courts. Venue. Patents.

(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

28 U.S.C., Section 2201. Creation of Remedy.

"In a case of actual controversy within its jurisdiction, except with respect to Federal taxes, any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought. Any such declaration shall have the force and effect of a final judgment or decree and shall be reviewable as such."

U.S.C. Title 35, Section 293. Nonresident patentee; service and notice.

"Every patentee not residing in the United States may file in the Patent Office a written designation stating the name and address of a person residing within the United States on whom may be served process or notice of proceedings affecting the patent or rights thereunder. If the person designated cannot be found at the address given in the last designation, or if no person has been designated, the United States District Court for the District of Columbia shall have jurisdiction and summons shall be served by publication or otherwise as the court directs. The court shall have the same jurisdiction to take any action respecting the patent or rights thereunder that it would have if the patentee were personally within the jurisdiction of the court."

C. L. Michigan, 1948, 613.46. Service on Non-Resident.

Upon or at any time after the filing of a bill, the circuit judge, or a circuit court commissioner, shall make an order for the appearance of the defendant, within 3 months from the date of the order, upon proof either set forth in a sworn bill or by affidavit of any of the following facts:

1. That the defendant resides out of the state;
2. That the defendant is a resident of this state, and that process for his appearance has been duly issued, and that the same could not be served by reason of his absence from, or concealment within this state, or by reason of his continued absence from his place of residence; or
3. That it cannot be ascertained in what state or country the defendant resides.

Revised Statutes of Alberta, 1955. Volume 2. The Judicature Act. Chapter 164, Page 2465.

Rules of Law.

32. In every civil cause or matter commenced in the Supreme Court, law and equity shall be administered by the Court according to the following rules:

(a) if a plaintiff or petitioner claims to be entitled

(i) to an equitable estate or right,

(ii) to relief upon any equitable ground

(A) against a deed, instrument or contract, or

(B) against a right, title or claim whatsoever asserted by a defendant or respondent in such cause or matter,

or

(iii) to any relief founded upon a legal right, the Court shall give to the plaintiff or petitioner such relief as would be given by the High Court of Justice in England in a suit or proceeding for the same or a like purpose.

Fed. Rules Civ. Proc. Rule 13. Counterclaim and Cross-Claim.

(a) Compulsory Counterclaims. A pleading shall state as a counterclaim any claim which at the time of serving the pleading the pleader has against any opposing party, if it arises out of the *transaction or occurrence* that is the subject matter of the opposing party's claim and does not require for its adjudication the presence of third parties of whom the court cannot acquire jurisdiction, except that

such a claim need not be so stated if at the time the action was commenced the claim was the subject of another pending action. As amended Dec. 27, 1946, effective March 19, 1948. (Emphasis added.)

D. C. Code, Title 11, Section 306.

"Said court (except as otherwise provided in this title) shall have cognizance of all crimes and offenses committed within said district and of all cases in law and equity between parties, both or either of which shall be resident or be found within said district and also of all actions or suits of a civil nature at common law or in equity, in which the United States shall be plaintiffs or complainants; and of all seizures on land or water, and all penalties and forfeitures made, arising or accruing under the laws of the United States."

D. C. Code, Title 11, Section 308:

"No action or suit shall be brought in the District Court of the United States of the District of Columbia by original process against any person who shall not be an inhabitant of, or found within, the District."

OPINION OF DISTRICT COURT

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

North Branch Products, Inc.,
Plaintiff,
v.
W. Reuen Fisher,
Defendant.
} Civil Action No. 1033-58

Robert G. Mentag, of Detroit Michigan; and Albert W. Rinehart, of Washington, D. C., for the defendant, for the motion.

J. Harold Kilcoyne, of Washington, D. C., for the plaintiff, opposed.

This case is before the Court on a motion by the defendant to quash service of the summons on him, and to dismiss the action for lack of jurisdiction over the subject matter.

The complaint alleges that the plaintiff is a Michigan corporation having its offices and manufacturing plant at Millington, Michigan, and that the defendant is a resident of the Province of Alberta, Canada. The action is brought for a declaratory judgment to adjudicate that certain letters patent of the United States and certain patent applications are owned by and are the sole property of the plaintiff and not of the defendant. In other words, the action relates to title to patents and patent applications. Service of the summons on the defendant was had by publication, pursuant to 35 U. S. C. §293, which reads as follows:

> "Every patentee not residing in the United States may file in the Patent Office a written designation stating the name and address of a person residing within the United States on whom may be served process or notice of proceedings affecting the patent or rights thereunder. If the person designated cannot be found at the address given in the last designation, or if no person has been designated, *the United States District Court for the District of Columbia shall have jurisdiction and summons shall be served by publication* or otherwise as the court directs. The court shall have the same jurisdiction to take any action respecting the patent or rights thereunder that it would have if the patentee were personally within the jurisdiction of the court." [Emphasis supplied.]

It will be observed that by the foregoing provision the United States District Court for the District of Columbia is granted jurisdiction over "proceedings affecting the patent or rights thereunder", if the patentee does not reside in the United States and, in that event, the summons may be served by publication. It is argued in behalf of the defendant that this action, not being one under the patent laws, is not within the purview of Section 293 and that, therefore, this Court is without jurisdiction of the subject matter; and further that the provision as to service of process by publication is not applicable. Concededly, this is not a suit under the patent laws within the meaning of the Constitutional provision authorizing the Congress to grant patents to inventors.[1] Under this clause the Congress has conferred upon the United States District Courts original jurisdiction of any civil action arising under any Act of Congress relating to patents.[2] This jurisdiction

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[1] Constitution, Article I, Section 8, clause 8.

[2] 28 U. S. C. §1338(a).

is limited to actions for infringement of patents and actions for declaratory judgment involving validity or infringement of patents. It does not extend to contracts or other matters merely because the subject involved happens to be a patent.[3]

Neither can jurisdiction be sustained in the case at bar on the ground of diversity of citizenship. While it is alleged that the defendant is a resident of Alberta, Canada, it is not averred that he is a citizen of Alberta, Canada. So too, there is an absence of any allegation as to the jurisdictional amount.

It is argued in behalf of the plaintiff that 35 U. S. C. §293, which has been quoted above, is not limited to actions under the patent laws, but should be construed as being broad enough to comprehend any suit if its subject matter is a patent. In support of this contention, counsel for the plaintiff points to the words, "proceedings affecting the patent or rights thereunder". It is argued that the words, "affecting the patent or rights thereunder" have a much broader scope than covering merely actions for infringement or declaratory judgments involving validity or infringement. It is argued that they extend to any suit which directly affects patents, such as actions involving a title to a patent, as is the case here. If the words are taken literally, there is considerable basis for the construction urged by the plaintiff. On the other hand, the words are somewhat vague and indefinite. They cannot be said to be so clear and unambiguous as not to require interpretation.

The Section in its present form was new in the codification of the patent laws of 1952. Neither the legislative history nor the Committee Reports throw any light on the

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[3] *Wade v. Lawder*, 165 U. S. 624.

question here presented. It is a matter of novel impression. The fact that the Section is included in the codification of laws relating to patents would seem to lead to the conclusion that the Section should be construed as being limited to actions under the patent laws, rather than extended to all actions affecting patents generally. Another reason for adopting this construction is that otherwise a Constitutional question would arise. It is a well known principle of statutory construction that everything else being equal, an interpretation of a statute should be adopted that would avoid a Constitutional question rather than one that may require its determination. The Constitutional question that would be lurking here is a possible lack of any Constitutional basis for jurisdiction either over the subject matter or over the person, if such a suit were not brought either under the patent laws or under the provision relating to diversity of citizenship. Obviously it would be inappropriate and certainly unnecessary to decide this question on this occasion. Suffice it to point out that a debatable question exists and that, therefore, following the accepted rules of statutory interpretation, if possible the statute should be so construed as to avoid this pitfall. The Court concludes that the phrase "proceedings affecting the patent or rights thereunder" contained in 35 U. S. C. §293, should be construed as synonymous with "actions under the patent laws of the United States", and, therefore, should be limited and restricted to actions for infringement of patents and actions for declaratory judgments to adjudicate the validity or infringement of patents. Since the case at bar is not within this group, Section 293 does not apply to it and hence service by publication under that Section was ineffective.

The situation is complicated, however, by the fact that the defendant has filed an answer in which, in addition

to pleading to the merits, he interposed a counterclaim. Under the present Federal procedure insufficiency of service of process may be raised either by motion or by an affirmative defense in the answer, Rule 12(b) of the Federal Rules of Civil Procedure. Unlike the practice that prevailed previously, objections to service of process are not waived by answering to the merits, Rule 12(h). As indicated, however, in this instance the defendant went beyond pleading to the merits, but actually invoked the jurisdiction of the Court by asking for affirmative relief on a counterclaim. By so doing the defendant submitted himself to the jurisdiction of this Court. It should be noted in passing that the counterclaim was not one of a compulsory nature under Rule 13(a) of the Federal Rules of Civil Procedure. The defendant must, therefore, be deemed to have waived any objection to service of process, as well as any objection to jurisdiction over the person.

As has been indicated above, this case cannot be brought within the categories of Federal jurisdiction based on diversity of citizenship, or that founded on the patent laws. Every United States District Court, however, is a court of general original jurisdiction in respect to cases and controversies arising within Federal areas, or Federal reservations as they are technically known, that are geographically located within the district for which the court sits.[4] Since the entire District of Columbia is a Federal

[4] Constitution, Article I, Section 8, paragraph 17, provides in enumerating the powers of the Congress, that the Congress shall have power

"To exercise exclusive legislation in all Cases whatsoever, over such District (not exceeding ten Miles square) as may, by Cession of particular States, and the Acceptance of Congress, become the Seat of the Government of the United States, and to exercise like Authority over all Places purchased by the Consent of the Legislature of the State in which the same shall be, for the Erection of Forts, Magazines, Arsenals, dock-Yards, and other needful Buildings; * * *"

area, this Court has been given general jurisdiction over cases and controversies between parties, "both or either of which shall be resident or be found within said district • • •" D. C. Code, 1951, Title 11, Section 306.

The present action is a suit in equity *in personam* to adjudicate title to patents. Consequently it cannot be successfully contended, as the defendant tries to do, that this Court has no jurisdiction over the subject matter. If the suit may be maintained, however, this must be done under the local jurisdiction of this Court. The doctrine of *forum non conveniens*, however, then comes into play. The plaintiff is a corporation organized and existing under the laws of Michigan and having its office and place of business in that State. It has no contact whatsoever with the District of Columbia. The defendant is a resident of Alberta, Canada. It does not appear that he is a citizen or a resident of the District of Columbia, or even of the United States. There is no showing that the cause of action arose in this district, and manifestly it did not. This is a case in which clearly the Court should of its own motion invoke the doctrine of *forum non conveniens* and decline to accept jurisdiction of the cause.

The action is dismissed on the ground of *forum non conveniens*.

/s/ Alexander Holtzoff,
United States District Judge.

January 6, 1960.

OPINION OF COURT OF APPEALS

UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 15663

North Branch Products, Inc., a Michigan Corporation, of Millington, Michigan, Appellant,

v.

W. Reuen Fisher, Village of Entrance, Alberta, Canada, Appellee.

Appeal from the United States District Court for the District of Columbia

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Decided November 15, 1960

Mr. Albert A. Smith, of the bar of the Supreme Court of Michigan, *pro hac vice*, by special leave of court, with whom *Mr. J. Harold Kilcoyne* was on the brief, for appellant.

Mr. Robert G. Mentag, with whom *Mr. Albert W. Rinehart* was on the brief, for appellee.

Before MR. JUSTICE REED, retired,* and FAHY and WASHINGTON, *Circuit Judges*.

FAHY, *Circuit Judge*: The case comes to us on appeal from an order of the District Court dismissing the complaint of the plaintiff-appellant, on motion of the defend-

*Sitting by designation pursuant to Sec. 294 (a), Title 28, U. S. Code.

ant-appellee. The dismissal was on the ground of forum non conveniens.

By the complaint appellant sought primarily a declaratory judgment that it owned certain United States patents[1] issued to appellee and certain patent applications pending in his name. The patents and applications relate generally to drill bushings, arbors, bearings and like items. The complaint alleges that appellant is a Michigan corporation, with offices and manufacturing plant in that state, and that appellee at material times has been a stockholder, director, secretary-treasurer, and general manager of the corporation in charge of manufacture and sale of said items and in charge also of research, development, and engineering. It is further alleged that the work of appellee in connection with the patents and applications was performed in the course of his employment by appellant, with materials purchased by it, and that the expense of obtaining the patents was paid from appellant's funds. Appellant claims to be the sole owner of the patents.

The complaint places appellee's residence as the Village of Entrance, in the Province of Alberta, Canada, and alleges that appellee has not filed a written designation in the United States Patent Office stating the name and address of the person residing in the United States on whom may be served process affecting the patents and other rights described. Affidavit was filed as to appellee's nonresidence in the District of Columbia and his absence therefrom at least six months, leading to service upon him by publication under the provisions of 13 D.C. Code §108 (1951), read with 35 U.S.C. §293 (1958), *infra* note 5.

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[1] The patents referred to are Nos. 2,766,084, 2,744,424, 2,737,425, 2,766,083 and 2,543,840.

On July 18, 1958, appellee filed an answer on the merits and a counterclaim for infringement and for royalties, and on November 30, 1959, moved to dismiss on the ground the District Court lacked jurisdiction of the subject matter and of the person of appellee.

The District Court sustained its jurisdiction of the subject matter, and held that by interposing a counter-claim, which the court found to be permissive in nature, appellee had submitted himself to the jurisdiction of the court. The court, however, sua sponte dismissed appellant's complaint, under the doctrine forum non conveniens.[2]

The reasons given to support the dismissal fail to take account sufficiently of several factors which lead us to conclude the court erred. Surely it would not be more convenient for appellant to sue appellee in Alberta, Canada, the place of his residence. Alberta is as distant from Michigan, the state of appellant's incorporation and the location of its offices and manufacturing plant, as is the District of Columbia. It is a foreign jurisdiction and cannot be considered a more suitable or convenient forum in which to require the rights of the parties to be determined. There is no certainty a Canadian court would be compelled to assume jurisdiction of an action filed there by a non-Canadian citizen. We do not decide the question, but its existence adds weight to the argument against the dismissal here. "[U]nless the balance is strongly in favor of the

[2] The opinion of the District Court states:

The plaintiff is a corporation organized and existing under the laws of Michigan and having its office and place of business in that State. It has no contact whatsoever with the District of Columbia. The defendant is a resident of Alberta, Canada. It does not appear that he is citizen or a resident of the District of Columbia, or even of the United States. There is no showing that the cause of action arose in this district, and manifestly it did not.

defendant, the plaintiff's choice of forum shall rarely be disturbed." *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508.[3] It will not do to send appellant off to Alberta to litigate there, however pleasant the sojourn in Canada might be.

It is urged that Michigan, if not Canada, is a more convenient forum. It does have some conveniences, see note 2 *supra*, but a substantial obstacle stands in the way of requiring the action to be pursued there rather than permitting it to be pursued here, namely, the uncertainty of appellant's ability to obtain jurisdiction over appellee, who, though a citizen of Michigan, is a resident of Alberta. As the District Court said, the action "is a suit in equity *in personam* to adjudicate title to patents," and, we add, to patent applications. The parties are agreed as to this characterization of the action, and we also agree. It can hardly be said that Michigan furnishes a more convenient forum than the District of Columbia when, insofar as we are advised, jurisdiction over appellee cannot be obtained in Michigan. No res of the litigation is there, nor is appellee; and constructive service may not be available. In *Stewart v. Eaton*, 287 Mich. 466, 477, 283 N.W. 651, 655 (1939), it is said:

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[3] See also *Ford Motor Co. v. Ryan*, 182 F. 2d 329 (2d Cir. 1950), *cert. denied*, 340 U. S. 851, where it is stated that "a defendant has the burden of making out a strong case for a transfer and * * * that the plaintiff's privilege, conferred by statute, of choosing the forum he selected is a factor to be considered * * *". 182 F. 2d at 330. And see *Wiren v. Laws*, 90 U. S. App. D. C. 105, 194 F. 2d 873. It is also to be remembered that forum non conveniens differs from a transfer under 28 U. S. C. §1404(a) (1958), a more stringent showing being required for the former. *Norwood v. Kirkpatrick*, 349 U. S. 29, quoting from *All States Freight, Inc. v. Modarelli*, 196 F. 2d 1010, 1011 (3rd Cir. 1952):

> The *forum non conveniens* doctrine is quite different from Section 1404(a). That doctrine involves the dismissal of a case because the forum chosen by the plaintiff is so completely inappropriate and inconvenient that it is better to stop the litigation in the place where brought and let it start all over again somewhere else.

> To secure personal jurisdiction over non-residents, a personal service beyond the limits of the State is equally ineffective as is constructive service by publication. The process of a court runs legally only within the limits of its jurisdiction and it is only by service made within those limits that a right to recognize a personal judgment against a nonresident without his consent is acquired.

And see 1 *Callaghan's Michigan Pleading & Practice* §16.85, at 463 (1946).

As stated in *Gulf Oil*, "In all cases in which the doctrine of *forum non conveniens* comes into play, it presupposes at least two forums in which the defendant is amenable to process; the doctrine furnishes criteria for choice between them."[4] Assuming jurisdiction in our District Court, there is no clear choice of another forum where appellee's is amenable to process.

The question remains whether jurisdiction resides in our District Court. As to this we agree with the court that jurisdiction was acquired over both subject matter and appellee.

As to subject matter the action, as we have seen, is one to determine the title or ownership, as between the corporate appellant and the individual appellee, of patents held in the latter's name and certain pending applications. Deeming the action to be one in which service on a non-

[4] 330 U. S. at 506-07.

resident patentee could be made under 35 U.S.C. §293,[5] plaintiff attempted such service. We do not decide whether service so made gave the court jurisdiction over the subject matter, for, that question aside, such jurisdiction resides in the common-law equity jurisdiction of our District Court. Both section 293 and 28 U.S.C. §1338 (1958), the latter now set forth in the margin,[6] are special grants of jurisdiction in the area of patents, copyrights, and trademarks, which leave unimpaired the underlying jurisdiction in equity which encompasses the present case. See *Pang-Tsu Mow v. Republic of China*, 91 U.S. App. D.C. 324, 201 F.2d 195, *cert. denied*, 345 U.S. 925, and cases cited. *Cf.*

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[5] That section reads:

Every patentee not residing in the United States may file in the Patent Office a written designation stating the name and address of a person residing within the United States on whom may be served process or notice of proceedings affecting the patent or rights thereunder. If the person designated cannot be found at the address given in the last designation, or if no person has been designated, the United States District Court for the District of Columbia shall have jurisdiction and summons shall be served by publication or otherwise as the court directs. The court shall have the same jurisdiction to take any action respecting the patent or rights thereunder that it would have if the patentee were personally within the jurisdiction of the court.

[6] Section 1338 reads:

(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.

(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trademark laws.

King v. Wall & Beaver St. Corp., 79 U.S. App. D.C. 234, 145 F.2d 377.[7]

As to jurisdiction of the person, the defendant-appellee filed an answer and counterclaim for royalties and infringement, unaccompanied by any objection to jurisdiction. He thus submitted to the jurisdiction of the court. Many months later he filed a motion to dismiss "For Lack of Jurisdiction Over the Subject Matter," having come to the conclusion that section 1338, applicable to an action arising under the patent laws, did not apply, and that section 293 "does not give the court personal jurisdiction over the defendant," nor over the subject matter. But the court had already obtained personal jurisdiction over defendant by his previously filed answer and counterclaim. By the latter he sought affirmative relief and thus invoked the court's jurisdiction.[8] Appellee urges to the contrary that the counterclaim was compulsory under Rule 13(a), that is, had to be asserted when filed or be lost, since it arose out of the transaction or occurrence that was the subject matter of the complaint, and did not require the presence of a third

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[7] The fact that the complaint alleges jurisdiction over the subject matter under 28 U. S. C. §1338, is immaterial if, as we think is true, the allegations bring the case within the equity jurisdiction of the court aside from that provision.

[8] *Freeman v. Bee Machine Co.*, 319 U. S. 448, 453; *Merchants Heat & Light Co. v. J. B. Clow & Sons*, 204 U. S. 286; *Kincade v. Jeffery-De Witt Insulator Corp.*, 242 F. 2d 328 (5th Cir. 1957); *Hadden v. Rumsey Prods.*, 196 F. 2d 92 (2d Cir. 1952); *Beaunit Mills, Inc. v. Industrias Reunidas F. Matarazzo, S. A.*, 23 F. R. D. 654 (S. D. N. Y. 1959); *Norrr Motor Freight v. Eastern R. R. Presidents Conference*, 155 F. Supp. 768, 838 (E. D. Pa. 1957); *Hook & Ackerman, Inc. v. Hirsch*, 98 F. Supp. 477 (D. D. C. 1951). But, where the objection to service is filed with answer which includes counterclaim, see *Keil Lock Co., Inc. v. Earle Hardware Mfg. Co.*, 16 F. R. D. 388 (S. D. N. Y. 1954).

party. It is said to follow that the answer and contemporaneously filed counterclaim did not operate to bring appellee within the District Court's jurisdiction. The District Court thought that the counterclaim was permissive. Whether or not is immaterial, for even if compulsory appellee was not compelled to pursue it unless served properly and could have filed a motion to quash the service attempted in reliance upon section 293. Rule 12(b) allows a challenge to jurisdiction of the person to be made by motion prior to the filing of an answer or counterclaim. Thus, were the counterclaim compulsory it need not have been asserted immediately but could await, without being lost, the disposition of a motion to dismiss for lack of jurisdiction over the person. See *Beaunit Mills, Inc. v. Industrias Reunidas F. Matarazzo, S.A.*, 23 F.R.D. 654 (S.D. N.Y. 1959). If the motion were granted appellee would have been under no compulsion to file a counterclaim. Were the motion denied the objection to service could have been reasserted on appeal and if then sustained the interim filing of the counterclaim would not have waived the objection.

Appellee, having submitted voluntarily to jurisdiction over the person by the pleadings he filed,[3] could not thereafter avoid the consequence by retracting.

Reversed and remanded.

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[3] We do not find it necessary to discuss an alternate ground for deeming appellee to have waived his jurisdictional objection, that is, by answering to the merits and then later challenging jurisdiction of the person. The counterclaim aside, appellee could properly have joined his answer with a motion to dismiss without waiving the latter, but under Rule 12(h) the defense of lack of jurisdiction of the person is waived if not raised by motion before answer or with the answer, because of defendant's failure to assert the defense within the time prescribed by that Rule. See *Ginn v. Biddle*, 60 F. Supp. 530 (E. D. Pa. 1945); *Bogar v. Ujlaki*, 8 Fed. Rules Serv. 12h.1, Case 2 (W. D. Pa. May 8, 1945).

ORDER DENYING PETITION FOR REHEARING

UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 15,663

North Branch Products, Inc., a Michigan Corporation, of Millington, Michigan, Appellant,

v.

W. Reuen Fisher, Village of Entrance, Alberta, Canada, Appellee.

Before: Mr. Justice Reed, sitting by designation, and Fahy and Washington, Circuit Judges, in Chambers

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September Term, 1960

Upon consideration of appellee's petition for rehearing, it is

Ordered by the court that the petition for rehearing is denied.

Per Curiam.

Dated: December 7, 1960.

ORDER GRANTING MOTION TO STAY MANDATE

UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 15,663

North Branch Products, Inc., a Michigan Corporation, of Millington, Michigan, Appellant,

v.

W. Reuen Fisher, Village of Entrance, Alberta, Canada, Appellee.

September Term, 1960

It is ordered that appellee's motion to stay the mandate and transmission of opinion and the certified copy of the judgment for a period of 30 days pending application for certiorari is granted pursuant to Rule 31(k)(2) of this court.

For the Court,
Joseph W. Stewart, Clerk,
By: William G. Secrest,
Chief Deputy Clerk.

Dated: December 20, 1960.